



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

POWER SERVICES

March 1, 2016

In reply refer to: PS-6

To Interested Parties and Customers:

RE: Load Growth Rate Customer's "Opt-Out" Proposal

BPA is considering a request proposed by Northwest Requirements Utilities that would allow Regional Dialogue contract customers to have the option to terminate their existing contract election to serve Above-RHWM Loads at the Tier 2 Load Growth Rate. If BPA provides this option, customers could then elect to serve Above-RHWM Loads at the Tier 2 Short-Term Rate and/or with Non-Federal resources. To opt out of the Tier 2 Load Growth Rate customers would be required to provide notice to BPA by Sept. 30, 2016, and to state their election for service for FY 2020 through FY 2028. Currently, BPA has not purchased power to serve Tier 2 Load Growth customers for service in FY 2020 through 2028. If BPA implements this one-time option, no purchases would be made for the Tier 2 Load Growth pool until after the Sept. 30, 2016 deadline.

BPA believes this proposed option is consistent with the Tiered Rate Methodology and that the required contract modification would not cause cost shifts to other customers. BPA would propose in the Section 7(i) rate process that no penalty for terminating participation in the Tier2 Load Growth Rate would be applied to these customers, and they would have no Load Growth Rate purchase obligations after FY 2019. These changes would be embodied in a contract amendment for those customers who make this election. Customers who wish to remain in the Tier 2 Load Growth rate would not need to take any action.

BPA is asking customers to comment on this proposed contract modification. Customers may submit their written comments through March 16 on the Tier 2 Load Growth Rate Opt-Out Option at www.bpa.gov/comment. BPA will decide whether to offer this option in April 2016 after evaluating comments received. If BPA decides to offer the opt-out option, a contract amendment will be developed to implement the change.

Please direct any questions to your Power Account Executive or to Annamarie Weekley, Power Services Rates, at 503-230-3304.

Sincerely,

A handwritten signature in blue ink, reading "Garry R. Thompson".

Garry R Thompson,
Vice President of NW Requirements Marketing

Cc:

John Saven, Chief Executive Officer, Northwest Requirements Utilities

John Prescott, President and CEO, PNGC Power

Scott Corwin, Executive Director, Public Power Council

Ryan Neale, Western Public Agency Group

Joe Lukas, General Manager, Western Montana Electric G&T Cooperative